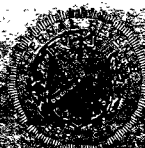


INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



Industry Circular No. 59-27

May 14, 1959

AMENDMENT OF 26 CFR Part 196

Manufacturers of stills and others concerned:

Purpose. The purpose of this industry circular is to advise you of a proposal published in the Federal Register on May 7, 1959 (24 F.R. 3695), to amend regulations (26 CFR Part 196) relating to the manufacture of stills.

Background. Public Law 85-859 liberalizes the provisions of the Internal Revenue Code of 1954 relating to the manufacture of stills and condensers and makes it necessary to amend the regulations in 26 CFR Part 196. These changes are effective July 1, 1959. The proposed amendments to the regulations reflecting the changes in the law, are discussed below.

Discussion. Present law and regulations provide that taxpaid stills and condensers must have been manufactured for export in order to be eligible for drawback. This restriction is eliminated and any taxpaid still or condenser which has not been used, may be exported with benefit of drawback.

The regulations have been amended to provide that stills and condensers for distilling may be removed from the place of manufacture for exportation without payment of tax.

The regulations relating to the removal of stills and condensers to foreign-trade zones, for exportation without payment of tax or with benefit of drawback of tax, will be included in this part instead of in 26 CFR Part 253.

The regulations have been amended to provide that special (occupational) taxes shall be paid by manufacturers of stills on or before engaging in business. Present law and regulations permit the payment of this tax within the calendar month in which the tax liability commenced.

Under present law and regulations, a proprietor of an industrial alcohol plant who manufactures stills and condensers, exclusively for use in his plant or plants, is exempt from the special taxes imposed on manufacturers of stills. The regulations are amended to apply this exemption to the proprietors of all producing distilled spirits plants.

Comments. Before adopting the proposed amendments, consideration will be given to any data, views, or arguments which are submitted in writing, in duplicate, to the Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Washington 25, D. C., within 30 days from the date of publication of the amendments in the Federal Register.

Inquiries. Inquiries in regard to this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).

Dwight E. Avis

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Director, Alcohol and Tobacco Tax Division